Kingdom of Belgium | Belgian Debt Agency
USD 1.25bn 4.875% new 30-year benchmark due 10 June 2055

Deal Summary – April 2024

The Kingdom of Belgium, rated Aa3/AA/AA- (stable/stable/negative) by Moody's, S&P and Fitch, launched today, via the Belgian Debt Agency ("BDA"), its first USD benchmark transaction since 2020. The new USD 1.25 billion benchmark due 10 June 2055 pays an annual coupon of 4.875% and was priced at a spread of 39bps over the 30-year United States' Government Bond maturing 15 February 2054 (CT30) giving a reoffer yield of 4.921% and a re-offer price of 99.325%. Morgan Stanley was the sole bookrunner on this transaction. BofA Securities, Citibank and Deutsche Bank securities were invited and acted as co-leads on the transaction.

Background

- The Belgian Debt Agency expects that the 2024 gross borrowing requirements of the federal government will amount to EUR 52.92 billion. This represents an increase of EUR 5.62 billion compared to the 2023 borrowing requirements. The funding plan includes an expected issuance of EUR 41 billion of OLOs, a decrease of 3.82 billion compared to last year. It also includes an envelope of up to EUR 2bn of issuance under their EMTN programme. This inaugural, new 30-year USD 1.25Bn Benchmark transaction, falls under the Kingdom of Belgium's EMTN programme.
- This transaction marks the Kingdom of Belgium's first fixed-rate USD benchmark since their USD1.5bn 10-year transaction executed in May 2020. As mentioned above, this also marks the Kingdom of Belgium's first 30-year USD Benchmark syndication ever. Further, this is also the first 30-year USD-denominated syndication from a core or semi-core European sovereign since 1996.
- Swapped back into fixed rate EUR, the Kingdom's funding cost was below the secondary market yields of its domestic OLO curve. This potential for cost saving in the USD market had not been possible since 2020.
- With today's transaction, the Belgian Debt Agency has raised 42.3% of the planned 2024 long term issuance.

Execution highlights

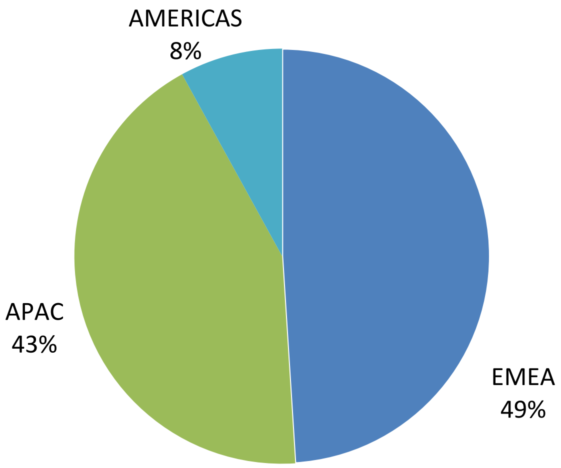
- The mandate for the new 30-year benchmark was announced at 16:00h CET on Tuesday 2nd April with the intent to execute the transaction on Wednesday 3rd April.
- With constructive feedback from investors overnight, books were opened shortly after 09:55h CET on Wednesday 3rd April with simultaneous release of pricing guidance of 40bps area over the CT30. At the time of books being opened, IOIs stood in excess of $1.9bn including $150m JLM interest.
- The transaction saw continued strong participation thereafter, with the orderbook growing in excess of USD 2.5bn, including $150m JLM interest within the first two hours of bookbuilding.
- With the orderbook supported by high quality accounts and a real depth of demand, the BDA tightened by 1bp and set the spread at 39bps over CT30 at 11:50h CET.
- The orderbook closed at 15:10h CET with total orders in excess of USD 2.75 billion incl. $150m JLM interest. The significant demand in the orderbook encouraged the Debt Agency to set the new issue size at USD 1.25 billion.
- Given the lack of issuance in the 30-year maturity from the Kingdom of Belgium or peers, there were several methods used to calculate Fair Value (FV). A combination of highly rated IG Credit 10s/30s curves vs US Treasuries and existing long-dated Supranational bonds were used. Utilising these curves versus Belgium's traditional peers 10yr benchmark secondaries, provided a range FV between CT30 +26 to +32bps.

- Given the inaugural nature of the transaction, the underlying volatility in USD Rates, as well as the duration of the new instrument, the Kingdom of Belgium offered a concession in line with what has been paid by highly rated issuers who have accessed the 30yr USD maturity in recent weeks.
- The new USD 30-year benchmark was priced at 17:10h CET at CT30 +39bps. With a coupon rate of 4.875% and a reoffer price of 99.325%, it provides the investors a reoffer yield of 4.918%.

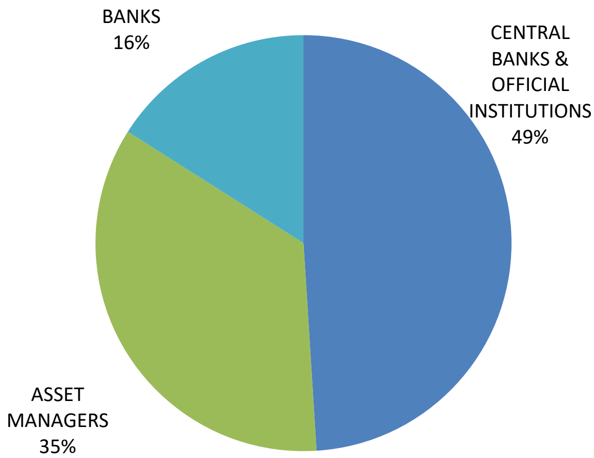
Summary of distribution

- Geographic distribution was granular with over 45 accounts involved in the transaction. Participation was well diversified with accounts based in EMEA accounting for the largest share of 49%, followed closely by accounts out of Asia accounting for 43%. Investors from the Americas took the remaining 8%.
- In terms of investor type, Central Banks and Official Institutions took the lion's share with 49% of total deal size. They were followed by Asset Managers (35%) and Banks at 16%.

Distribution by region



Distribution by type



Summary of terms and conditions

Issuer	The Kingdom of Belgium
Ratings	Aa3 by Moody’s (stable) / AA by S&P (stable) / AA- by Fitch (negative)
Format	Belgium Government Bond (in dematerialised book entry form) Reg S, 144A
Size	USD 1.25billion
Maturity	10 June 2055
Settlement	10 April 2024 (T+5)
Coupon	4.875% Semi-Annual 30/360
Benchmark	T 4.25 02/15/54 (US912810TX63)
Final Spread	CT30 +39bps (CT30 ref @ 95-15 / HR 100%)
Reoffer	Price 99.325% / Yield 4.918%
Listing/Law	Brussels, Belgian Law
Denominations	US$200k + US$2k
Target Market	Retail / Professional / Eligible Counterparties (all distribution channels)
ISIN	RegS: BE6350897169 / 144A: BE6350898175
Bookrunners	Morgan Stanley
Co-Leads	BofA Securities / Citi/ Deutsche Bank